



Special Report

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The *Recovery Act*: Creating Jobs and Making a Difference in Maine

Earlier this year, the Democratic Congress worked with President Obama to enact the *American Recovery and Reinvestment Act* (the *Recovery Act*) in an effort to rescue, rebuild, and strengthen our struggling national economy. Eight years of failed fiscal policies and misguided economic priorities had left our national economy on the brink of disaster, and now – only nine months later – our economy is on the brink of recovery. The *Recovery Act* and the efforts of American businesses and workers, like those in Maine, made this progress possible.

Despite this encouraging news, Democrats know that many Mainers are still struggling, and unemployment – a lagging economic indicator – remains far too high. In response, Democrats are working to create and save millions of jobs with *Recovery Act* dollars and tax relief. Already, with more than half of the dollars yet to be spent, the recovery package has provided for more than one million jobs and the rate of job loss has slowed significantly. As we look toward the future, Democrats believe that the *Recovery Act*, combined with the American work ethic and ingenuity, will continue to make a difference for families in Maine and will deliver on its promise to rebuild our economy and get Mainers back to work.

The Recovery Act is Creating Jobs and Making a Difference

Last week, the White House announced that certain recipients of *Recovery Act* funds have reported the creation of 640,329 direct jobs. About 325,000 of these jobs are in education and over 80,000 are in construction. These numbers, however, represent only about 16 percent of expenditures through September 30 and do not reflect the majority of *Recovery Act* funding to date, which has gone directly to individuals and states, including:

- Tax relief for businesses and working families;
- Small business loans, which are exempt from reporting;
- The first-time homebuyer tax credit;
- Direct federal aid, including \$250 direct stimulus checks, enhanced unemployment benefits, increased food stamp benefits for vulnerable families; and
- State fiscal relief, which prevented job cuts at the state and local government level.

Moreover, the reported data does not capture indirect or induced jobs created when prime contractors hire suppliers or other companies to complete projects or when newly employed workers spend their pay checks. It is estimated that, if included, indirect jobs would add

another 50 percent or more to the direct jobs numbers and induced jobs would add an additional 36 percent. [Office of the Vice President, [10/30/09](#); CBPP, [10/28/09](#)]

Taken as a whole, the reported data confirms earlier estimates that the *Recovery Act* would create or save over one million jobs by now, even though less than half of the *Recovery Act* funds have been put to work. [Office of the Vice President, [10/30/09](#)]

Moreover, without the *Recovery Act*, economists believe that the economy and the unemployment rate would be much worse.

- According to Congressional Budget Office (CBO) projections, “The effect of the stimulus legislation on the level of economic activity will probably build during the second half of 2009 [and] have its maximum impact in the first half of 2010... CBO estimates that real GDP will be 1.4 percent to 3.8 percent higher in the fourth quarter of 2009 than it would have been without the stimulus, 1.1 percent to 3.4 percent higher in the fourth quarter of 2010, 0.4 percent to 1.2 percent higher in the fourth quarter of 2011, and zero to 0.3 percent higher by the fourth quarter of 2013.” [CBO, [8/09](#)]
- These estimates were bolstered by third quarter growth when, for the first time in more than a year, the economy expanded, and, at 3.5 percent, it expanded faster than expected. [*Wall Street Journal*, [10/29/09](#)]
- According to economist Mark Zandi, “The research of Moody’s Economy.com suggests that a million fewer jobs would exist today, while the unemployment rate would already have risen well into double digits.” [Testimony before the Joint Economic Committee, [10/29/09](#)]

The Recovery Act is Creating Jobs and Making a Difference in Maine

In Maine, this partial reporting indicates that 1,613 jobs have been created or saved by funding 462 awards worth \$754,150,076, of which \$158,730,823 has already been received. [Recovery, Accountability, and Transparency Board, accessed [11/2/09](#)]

Similar to the national number, this validates the White House’s earlier estimates that the *Recovery Act* is responsible for saving or creating 4,800 jobs so far for Mainers (accounting for indirect and induced jobs). [Council of Economic Advisors, [9/2009](#)] **Maine is on track to benefit from a total of 15,000 Recovery Act jobs.** [The White House, [2/2009](#)]

These numbers alone cannot adequately convey the human impact of the jobs that are supported by the *Recovery Act* – the real-life stories of local companies that can hire new employees, workers who are no longer faced with uncertainty, and families that no longer need to struggle to pay their bills. The following is a sampling of some of the local *Recovery Act* success stories in Maine:

Maine will award Recovery Act funds to local counties for energy saving projects, such as energy efficiency retrofits and the installation of renewable energy technologies on government buildings. “Maine has won grant of nearly \$9.6 million for clean energy and efficiency projects across the state. The Recovery Act grant was announced yesterday by U.S. Energy Secretary Steven Chu. Chu says the money will promote cheap, clean, reliable energy technology that can be deployed immediately, and help create jobs. State officials say about 60 percent of the funds will be competitively awarded to local cities and

counties for energy saving projects, such as financial incentive programs, energy efficiency retrofits, transportation programs, energy distribution measures, and the installation of renewable energy technologies on government buildings... Eligible projects include improved insulation, air sealing, efficiency improvements in heating sources and distribution, efficiency controls and automation, efficiency upgrades in glazing, and other measures proven to reduce energy use.” [MPBN, 11/18/09]

Recovery Act funds saved or created 106 education jobs in Maine. “The report states Maine saved 98 jobs in education through stimulus funds and created eight more since the beginning of 2009... The jobs retained include 97 teachers and one guidance counselor. The eight jobs created are all educational technician positions... The report states the federal government awarded Maine just over \$106 million in stimulus funds to help the state augment its education budget... ‘When a district invests in a new boiler or energy efficiency improvements, they are generating savings in future years,’ stated Maine Education Commissioner Susan Gendron in a press release. ‘And when they invest in professional development, training, laptops and educational planning, they are making wise, limited-duration decisions that will pay educational dividends for years to come.’” [Wordpress, 11/9/09]

Maine is the first state to obligate all of its Recovery Act transportation money, and has created 3,400 jobs in construction, water projects and sewer projects.

“The state has spent about \$436 million in federal stimulus money so far, which helped employ more than 3,400 people in construction, water projects and sewer projects, the governor's office said Thursday... Maine is expected to receive more than \$2 billion in stimulus funding over the next two years, with some flowing through the state and other money going directly to residents... Gov. John Baldacci released the information Thursday, saying the money is working in Maine – both through programs aimed to help the poor or unemployed workers, and through major transportation projects, such as the repaving of Interstate 295... Maine has received national attention for its speedy use of the stimulus funds, gaining recognition as the first state in the nation to obligate all of its transportation money. Ryan Low, coordinator of the state's recovery funds, said the first phase of money went mostly to unemployment, Medicaid and transportation... While Low pegs the number of jobs related to stimulus money at more than 3,400, the federal formula will recognize only a fraction of those. For example, Low said, if 400 people worked on a construction project for three months, because they are not employed full-time and year-round, the federal government counts that only as 100 full-time-equivalent jobs.” [Kennebec Journal, 10/23/09]

Wind power company headquartered in Washington County won Recovery Act grant to reinvest in new energy projects, likely creating jobs in Maine. “A Washington County industrial wind site was awarded \$40.44 million of \$502 million in federal stimulus money issued Tuesday in an unprecedented effort to spur private sector investments in clean energy and create new jobs nationwide... Operated by parent company First Wind of Massachusetts, the sole Maine project consists of 38 11/2-megawatt General Electric turbines, a substation, access roads and a 34.5-kilovolt collection system. As part of the project, a 38-mile transmission line was built to connect Stetson Mountain to the regional electricity grid. The Stetson I project was eligible for stimulus funds because it came on line this year, said John Lamontagne, a spokesman for First Wind and its subsidiary, Evergreen Wind Power LLC... The federal grant effectively gives First Wind the benefits of tax credits that would have been spread over the life of the Stetson Mountain project, but instead provides those credits as upfront money.” [Bangor Daily News, 9/2/09]

A Recovery Act-funded project to heat up to 15 public buildings in Maine expected to create approximately 200 jobs. “The state of Maine will be using one of its most

abundant resources — wood — to heat up to 15 public buildings throughout the Pine Tree State under an \$11.4 million funding award from the American Recovery and Reinvestment Act, according to state officials. The Maine Forest Service, a branch of the Maine Department of Conservation, will get the federal stimulus funds and make them available through a competitive grant process to all Maine communities, giving preference to rural, economically depressed counties... According to officials, the work created by the conversion to wood or wood pellet heating is expected to create approximately 200 jobs.” [[Mass High Tech Business News](#), 8/24/09]

Casco Bay will get a new ferry boat thanks to the recovery act improving service, lowering operating costs and creating 40 shipyard jobs. “A new ferry boat is expected to be taking passengers and freight around Casco Bay early in 2011, thanks to \$5.5 million in federal stimulus money released Tuesday. The new ferry will offer improved service and lower operating costs for Casco Bay Lines, which serves residents of six islands in the bay. It will replace the Island Romance, which was built in 1973. Construction is expected to create 40 shipyard jobs.” [[Portland Press Herald](#), 7/15/09]

Maine has hired eight companies so far with *Recovery Act* funds for roadwork, preserving or creating 188 local jobs. [[Portland Press Herald](#), 5/17/09]

***Recovery Act* projects have begun in Portland, including a \$2 million sewer system upgrade and a \$400,000 water main replacement allowing firms to re-hire workers.** At City Hall, the public health division plans to hire 10 to 14 people over the next two years for a new community health center under a \$1.3 million grant from the U.S. Department of Health and Human Services. [[Portland Press Herald](#), 5/17/09]

From construction workers to homeless advocates, *Recovery Act* is behind dozens of recent hires in the Portland area. “The economic stimulus has trickled down to Clifton Street, where Storey Brothers Trucking of Cumberland is upgrading the city's sewer system under a \$2 million contract that employs 18 workers – many of whom had been laid off last winter. Across town on Ray Street, R.J. Grondin and Sons of Gorham has brought back a handful of laid-off workers for a \$401,032 job replacing a water main for the Portland Water District. And at City Hall, the public health division plans to hire 10 to 14 people over the next two years for a new community health center under a \$1.3 million grant from the U.S. Department of Health and Human Services.” [[Portland Press Herald](#), 5/17/09]